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ORIGINAL ARTICLE

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Context is key: A 34-country analysis investigating how similar HRM systems emerge from similar contexts

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Abstract

Using an institutional lens, we investigate the isomorphic effects of both external and internal contexts on human resource management (HRM) systems. Our analysis uses data from 4768 organizations across 34 countries to focus on the similarities in HRM systems. By employing distance matrices, a commonly adopted method in geographic science, we find that both external and internal contexts affect (dis)similarities in HRM systems. Organizations in similar environments exhibit more similar HRM systems. Furthermore, we find that the devolvement of HRM activities from HRM to line management reduces the similarity of HRM systems across organizations. By contrast, a strong strategic position of HRM does not yield a comparable effect. Our study's main contributions include elucidating the multifaceted relationship between context and HRM, highlighting the HRM department's role in this relationship, clarifying the context–HRM connection via the concept of isomorphic pressures, and illustrating the use of distance matrices as tool with great explanatory power for the analysis of similarities among HRM phenomena.

KEYWORDS
comparative HRM, contextualist HRM, HRM devolvement, HRM systems, strategic positioning of the HRM department

1 | INTRODUCTION

Similarities and dissimilarities in human resource management (HRM) practices and systems, as well as their effectiveness, are central to the ongoing debate over universalist and contextualist approaches to HRM. The former assumes that best practices enhance employee performance regardless of the context, while the latter underscores the contingent nature of HRM practices and systems by highlighting substantial variations across national, economic, and institutional contexts (Farndale et al., 2023; Kaufman, 2016). Research from the contextualist perspective offers considerable ample theoretical and empirical support for one of its foundational premises: the effects of context on HRM. Major theoretical explanations include cultural (e.g., Reiche et al., 2019), institutional (e.g., Allen & Wood, 2021), economic (e.g., Kaufman, 2016), resource-based (Schuler & Jackson, 1987), and critical views (e.g., Bévort et al., 2021). Empirical studies also explore this relationship, as summarized in Brewster et al. (2018) and Parry, Farndale, et al. (2021). However, much of this research has

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delved into specific elements of the external context, like institutional regimes (Farndale et al., 2017), and focuses on a limited set of HRM elements, such as selection practices (Biemann et al., 2023). Despite sustained interest in various aspects of the HRM department (Brandl et al., 2012), there is a notable research gap regarding the role of the HRM department in these adaptation processes, even though it is potentially a crucial actor influenced by national- and firm-level drivers (Gooderham et al., 2015).

The clear focus in current contextualist research on specific context dimensions and HRM practices is a double-edged sword. On the one hand, it helps gain a better understanding of the various facets of the organization–environment fit. On the other hand, it narrows our view of a more comprehensive landscape that simultaneously considers the effects of multiple external and internal context factors, their intricate interplay, and the overall impact on a wide range of HRM practices. The limited discussion on the role of the HRM department is also less than ideal. Previous work on the role of HRM departments across different contexts has shown, for example, a trend for HRM departments to become more strategic (Farndale & Vidovic, 2021), the effect of the top HRM person's gender on the organizational status of the HRM department (Reichel et al., 2013), and the division of labor between HRM specialists and line management (Reichel & Lazarova, 2013). Yet, its role in processes associated with contextual contingencies remains largely unclear.

Our paper addresses both issues. It explores whether similarities in external and internal contexts of organizations and central aspects of HRM's organizational integration—here: the internal strategic position of the HRM department and the degree of devolvement of HRM tasks to line management—lead to similar HRM systems. We use the comparative contextual framework of HRM (Gooderham et al., 2019) to identify a broader set of external and internal contextual factors and focus on general HRM systems. Theoretically, we rely on the concept of isomorphic pressures (DiMaggio & Powell, 1983) to posit that similarities in external and internal contexts result in greater similarity of organizational HRM systems. The HRM department is pivotal in these contextual adaptation processes. We conceptualize it as a competent collective actor (Boltanski & Thévenot, 2006) that influences organizational responses to contextual contingencies. In particular, the HRM department's role depends on its organizational integration, indicated by its strategic position within the organization and the devolvement of strategic tasks from HRM experts to line management. Empirically, we utilize data from a 34-country study from the Cranet Project (Parry, Farndale, et al., 2021) that provides organizational-level information on HRM systems and the organizational integration of HRM. Our findings suggest that similarities in external and internal contexts lead to more similar general HRM systems. In addition, the two facets of organizational integration of HRM influence HRM systems in different ways. A lesser degree of devolvement in HRM policy decisions correlates with HRM system similarity, whereas a strong strategic position of HRM does not yield a similar result.

Our study offers several contributions to existing literature. We build on the quest to answer a "longstanding question in organization research[:] … what makes organizations more or less similar to each other" (Boxenbaum & Jonsson, 2017, p. 77). Specifically, we draw on the theoretical construct of isomorphic pressures from the neo-institutionalist discourse to elucidate how contextual forces drive similarities in HRM systems. While empirical research on isomorphism has primarily focused on whether and how individual pressures account for the diffusion of practices, there is a limited exploration of the resulting level of similarities (Boxenbaum & Jonsson, 2017), in particular in the area of HRM. Although neo-institutionalism has not gained widespread traction in the general HRM literature (Lewis et al., 2019), it presents a valuable perspective for examining cross-national differences and similarities in HRM (Schotter et al., 2021). Furthermore, we provide a more comprehensive and refined picture of the connection between HRM systems and organizations' external and internal context by simultaneously considering a broader array of factors. This enhances the conversation on the societal embeddedness of HRM (Paauwe & Boselie, 2007; Paauwe & Farndale, 2017). We also contribute to the discourse on the HRM department's role and respond, among others, to the recent call for research into HR managers' role in adopting HRM systems (Steffensen Jr. et al., 2019). Finally, by using distance measures and matrices (Lichstein, 2007), we introduce a method established in other disciplines to the organization studies community.

2 | THEORETICAL FRAMEWORK AND LITERATURE REVIEW

To provide the basis for our hypotheses formulated in the next section, we start with an outline of our overall conceptual framework. This helps us identify major aspects of *HRM systems* and the influence of *external* and *internal* contexts. We then summarize key findings regarding the effects of these identified external and internal contextual factors on HRM. Lastly, we reference the idea of isomorphic pressures as a rationale for contextual effects on similarities in HRM.

2.1 | The comparative contextual framework

Our analysis utilizes the multilevel comparative contextual framework by Gooderham et al. (2019) as its conceptual background. Rooted in institutionalist thinking, this framework places the HRM chain, a core component of HRM systems, at the center. The HRM chain starts with HRM strategy and policies, influencing the kind and form of HRM practices adopted. Within this chain, we look at HRM systems comprising various HRM practices (Beer et al., 2015; Boon et al., 2019). *HRM systems* are defined as collections of practices that "are espoused to be internally consistent and reinforcing to achieve some overarching results" (Lepak et al., 2006, p. 211). Specifically, we emphasize overall HRM systems, i.e., all practices that support the HR-related function, rather than more targeted HRM systems such as high-performance HRM systems (e.g., Huselid, 1995). This expansive perspective enables us to incorporate a variety of organizational HRM

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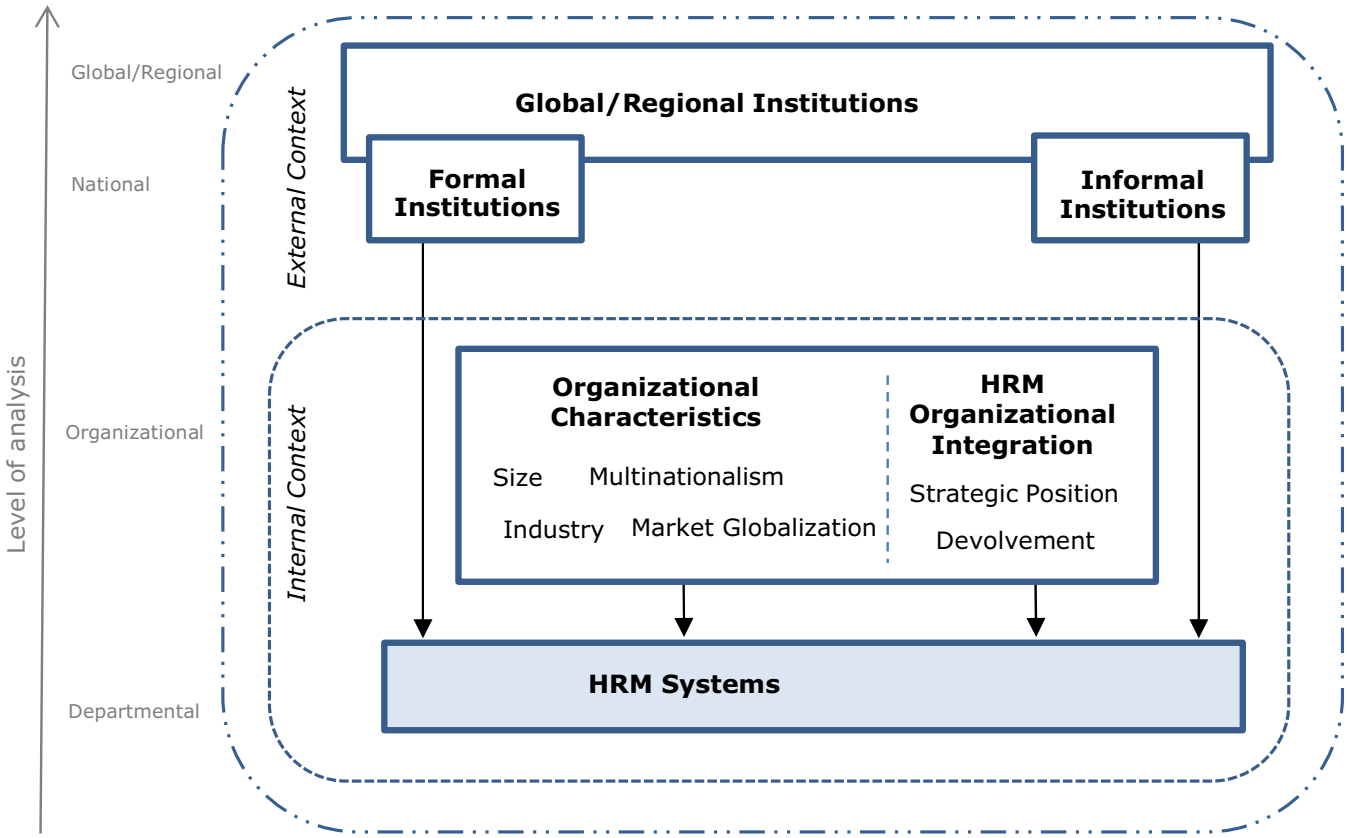

FIGURE 1 Research model based on the comparative contextual framework (Gooderham et al., 2019, p. 15).

approaches, the adaptation of whole bundles or the entire HRM system to specific contexts, and potential interactions between individual practices (Boon et al., 2019). In addition, it lets us explore which contextual dimensions prompt (dis)similarities overall, even when facing contrasting contextual impacts on certain practices (e.g., Farndale et al., 2017).

The comparative contextual framework posits that both external and internal contexts affect HRM (Figure 1).

The *external context* is positioned at the (supra-)national-/macrolevel and encompasses global, regional, and national institutions in both their *formal* and *informal* variants. Formal institutions are often understood and operationalized as economic freedom or specific regulations such as labor relations (Gooderham et al., 2018). Informal institutions are often associated with national culture (Hofstede et al., 2010; House et al., 2004).

The *internal context* is located at the organizational/mesolevel and includes key *organizational characteristics* and *HRM organizational integration*. In our study, we take a closer look at four of these *organizational characteristics* that prior research has identified as important factors affecting HRM systems: organizational size (i.e., number of employees), industry, multinationalism (i.e., being (part of) a multinational enterprise (MNE) or an indigenous organization), and market globalization. Referring to Gooderham et al. (2019), we also consider two main aspects of *HRM organizational integration* that influence HRM: the *strategic position of the HRM department* and the *devolvement of HRM* policy decisions. Among the various aspects defining the strategic position of the HRM department, we focus on two mentioned in earlier research: the degree to which HRM departments are represented in top management teams (TMTs) and the level of involvement of HRM departments in formulating corporate strategy. Devolvement of HRM indicates that HRM departments either partially or fully transfer responsibility for specific HR activities, tasks, or decisions to line management (Brewster et al., 1992).

A number of studies discuss the effects of external and internal contextual factors on HRM as described in the comparative contextual framework. We will summarize this literature in the next two sections.

2.2 | Effects of external context on HRM

Research has consistently demonstrated the influence of the external context on HRM across various HRM practices (for an overview, see Brewster et al., 2018). Approaches in this area range from thick qualitative context descriptions (e.g., Cooke, 2018) to quantitative analyses of cross-national datasets (Farndale et al., 2017; Gooderham et al., 1999, 2018). From a theoretical standpoint, the effects of *external context* on HRM practices and systems are mostly explored through various lenses of institutionalism (Allen & Wood, 2021; Schotter et al., 2021). Despite different points of departure, a

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common conclusion is that the external context, shaped by both *formal* and *informal* institutions, significantly influences HRM. For instance, Gooderham et al. (2018) demonstrate that institutions play an important role in the adoption of individualized pay-for-performance schemes. Relying on prior literature and quantitative data, Pudelko (2006) argues that distinct socioeconomic contexts in the USA, Germany, and Japan result in varied HRM systems. When examining similarities, more recent analyses by Biemann et al. (2023) show that organizations within similar institutional settings adopt personnel selection practices that are more similar. However, more detailed analyses find that context affects different HRM practices with varying intensity: While compensation and wage-bargaining levels seem more sensitive to context, practices such as contingent employment, training, and internal communication with employees do not differ significantly across institutional contexts (Farndale et al., 2017).

2.3 | Effects of internal context on HRM

Turning to the *internal context*, we first examine the literature that details how the four aspects of *organizational characteristics* mentioned above affect HRM. We then discuss the relevance of different aspects of *HRM organizational integration*.

2.3.1 | Organizational characteristics

For *organizational size*, empirical evidence suggests that as the headcount increases, HRM departments depend on more formalized HRM systems to manage rising levels of complexity (e.g., Storey et al., 2010). Furthermore, the economies of scale derived from a larger headcount enable organizations to implement more differentiated HRM systems (Jackson & Schuler, 1995) that might not be feasible in smaller organizations (Harney & Alkhalaf, 2021). Empirical evidence corroborates such size effects (Fabi et al., 2007; Sun & Mamman, 2021).

Industry is another organizational characteristic that shapes HRM systems (Jackson et al., 1989). Industries differ in their inherent levels of complexity, such as technology use, requiring HRM systems to adapt by emphasizing certain aspects of HRM such as training and development (Ramirez & Fornerino, 2007). In addition, variations in workforce composition across industries can influence HRM systems (Lepak & Snell, 2002). For example, organizations in knowledge-intensive high-tech industries with a highly skilled workforce often implement more HR-enhancing practices, like training, than those in non-high-tech sectors (Rauch & Hatak, 2016).

Regarding *multinationalism*, it has been posited that MNEs need to adapt to the institutional arrangements of several countries at once (Kostova & Roth, 2002). This means MNEs are continuously confronted with the tension between global standardization and adjusting practices to the specific needs of the host country (national differentiation; Edwards et al., 2016). By contrast, indigenous companies are embedded in the national context, making them more bound by specific institutional arrangements (Looise & Drucker, 2002). Studies like that of Ahmad et al. (2019) highlight significant differences in the adoption of practices such as extensive training, performance appraisals, and performance-related pay among organizations in Pakistan. While MNE subsidiaries often adopt these practices, domestic firms do so less frequently. Mellahi et al. (2013) show that, compared with Turkish indigenous organizations, MNE subsidiaries in Turkey are more likely to adopt performance-related pay systems.

Regarding the organizational characteristic of *market globalization*, previous research indicates that catering to a broader market increases environmental complexity, making it necessary for organizations to adapt their structures (Roth & Morrison, 1992). Unlike in a domestic setting, where market-specific knowledge may be inherent, operating beyond national markets requires organizations to hire and retain employees with a broader set of market-specific knowledge (Ryan et al., 2003). Studies also show that organizations serving more global and growing markets tend to become more formalized and are more likely to recruit externally (Sparrow, 2007). Focusing on internationalization in emerging economies, Khavul et al. (2010) find that organizations tend to invest more in training and development, bolstering employees' capabilities to compete in broader markets, which further propels a more sophisticated HRM system.

2.3.2 | HRM organizational integration

Within the internal context, our attention turns to HRM organizational integration, a pivotal topic in HRM literature. Following the enduring debate over *HRM's strategic position*, in particular, its role in strategy formulation and the linkages with business strategy (Dyer, 1983; Golden & Ramanujam, 1985), researchers have started investigating the outcomes of varied levels of HRM organizational integration. To explain why a stronger position of the HRM department influences HRM systems, prior studies leaned on resource dependence theory (Mullins, 2018) or the concept of legitimate authority and power in decision-making (Hermans & Ulrich, 2021; for a recent review, see Steffensen Jr. et al., 2019). Empirical findings, although limited, support the notion that the composition of TMTs (including HRM department representation) affects the shape and form of HRM systems (Steffensen Jr. et al., 2019). One study demonstrated that having HRM experts on the board of directors fosters the adoption of a specific HRM practice, namely, diversity management (Mullins, 2018). Empirical evidence also suggests that HRM's role in strategic decision-making affects the implementation of specific HRM systems, especially high-performance work practices (HPWPs; Hermans & Ulrich, 2021).

In literature focusing on the *devolvement of HRM* to line management, two opposing perspectives emerge. On the one hand, devolving HRM activities is seen as an opportunity for organizations and HRM departments, as it allows the latter to concentrate more on strategic decisions when line managers take on a greater share of HRM responsibility (Hoogendoorn & Brewster, 1992; Kulik & Perry, 2008;

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Perry & Kulik, 2008). On the other hand, the devolvement of HRM is perceived as a threat to the power base of HRM departments as it reduces their responsibility and influence in key areas. Reichel and Lazarova (2013) show that devolvement is indeed negatively associated with the strategic position of HRM. Similarly, Gooderham et al. (2015) reveal a negative relationship between the devolvement of HRM decision-making and the power of the HRM function. Regardless of the perspective, the devolvement of HRM to line management profoundly affects HRM (for a review, see Kurdi-Nakra et al., 2022). For example, researchers have applied discretion theory to elucidate line managers' roles in the adoption of HRM practices (Kurdi-Nakra et al., 2022; López-Cotarelo, 2018).

More generally, it has been argued that HRM professionals and departments shape HRM systems through their expertise and legitimacy (Kirkpatrick & Hoque, 2022). HRM professionals' characteristics influence which HRM practices are adopted based on their acquired HRM knowledge and the information they use (Terpstra et al., 1996). Consistent expertise, experiences, and academic backgrounds stand out as pivotal attributes of HRM professionals that are crucial for the effective implementation of HRM (for a review, see Mirfakhar et al., 2018). For example, empirical evidence indicates that the mere presence of HRM professionals in SMEs correlates positively with the adoption of formal gender equality policies (Woodhams & Lupton, 2006). A recent study highlights that the presence of a qualified HR professional in a workplace is positively associated with the adoption of HPWPs (Kirkpatrick & Hoque, 2022).

2.4 | Isomorphic pressures

Considering the primary effects of context on specific HRM practices or bundles of practices emphasized in the comparative contextual framework and the insights shared in previous sections, our focus is on whether contextual factors yield similar HRM systems across organizations. The concept of isomorphism (DiMaggio & Powell, 1983), conceived within the neo-institutionalist debate (for an overview, see Greenwood et al., 2017), can explain the emergence of (dis)similarities across organizations. Herein, institutions are conceptualized as "*more or less taken-for-granted repetitive social behavior that is underpinned by normative systems and cognitive understandings that give meaning to social exchange and thus enable self-reproducing social order*" (Greenwood et al., 2008, pp. 4–5; italics in the original).

DiMaggio and Powell (1983) identify three mechanisms of isomorphic change, each stemming from different determinants. First, coercive isomorphism reflects similarities emanating from both formal and informal institutions, encompassing factors like political influence and legitimacy concerns. Formal institutions are primarily mandated by legislative bodies (e.g., labor law) and come with formal sanctions (e.g., fines). Informal institutions represent expectations of societal cultures that, when not met by organizations, can be sanctioned through a withdrawal of legitimacy (Lewis et al., 2019). These pressures are primarily located and enforced at the (supra-)national level (Boxenbaum & Jonsson, 2017).

Second, mimetic processes account for similarities among organizations due to the imitation processes they deploy when facing uncertainty. DiMaggio and Powell (1983) describe uncertainties arising from a lack of understanding of technologies, ambiguous goals, or symbolic uncertainties imposed by the environment as a force toward similarity. Specifically, when grappling with these uncertainties, organizations often mimic others seeking solution to mitigate the uncertainties. Consultancies offering "blueprints" for HRM strategies, practices, and systems can bolster these mimetic processes (Paauwe & Boselie, 2003).

Third, normative pressures describe similarities that arise from what is deemed good or appropriate by a professional body. This assessment of appropriateness is often influenced by the formal education of key decision-makers and the emergence of professional networks (Boon et al., 2009). Institutions such as professional training providers and universities establish normative rules among members of a profession. Networks, such as professional associations, help disperse specific norms or professional behaviors. Consequently, members of a profession, such as HR executives, might have similar viewpoints and approaches.

These three pressures can have interdependencies and may not always be distinct from one another in empirical contexts. Thus, contextual factors might induce isomorphism through multiple mechanisms.

3 | HYPOTHESES

Drawing from the literature on the comparative contextual framework, which underscores the contextual effects on HRM, and neo-institutionalist discussions about isomorphic pressures, we argue that similarities in organizations' external and internal contexts affect the similarity of HRM systems.

3.1 | External context

In the previous sections, we presented theoretical considerations and empirical evidence that show the influence of the external context, in terms of formal and informal institutional settings, on the adoption of HRM practices. Even though they rely on diverse mechanisms and assumptions, such arguments find support in other theoretical frameworks (e.g., Amable, 2003; Hall & Soskice, 2001; Kaufman, 2016; Whitley, 1992). Recent studies highlight the importance of studying entire HRM systems rather than single or selective bundles of practices because of the potential interplay among them and the varying sensitivity of HRM practices to context (Boon et al., 2019; Farndale et al., 2017).

We go beyond previous analyses by empirically assessing the isomorphic influence on the overall HRM system. Building on the concept of isomorphic pressures, particularly coercive isomorphisms (DiMaggio & Powell, 1983), we posit that organizations operating in external contexts with similar formal and informal institutions will more likely adopt similar HRM systems. Accordingly, we formulate

> **Hypothesis 1.** Organizations in external contexts with similar formal institutions (H1a) and informal institutions (H1b) have similar HRM systems.

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3.2 | Internal context

3.2.1 | Organizational characteristics

As outlined above, certain organizational characteristics, as elements of the internal context, play a key role in explaining the adaptation of HRM systems to contextual influences, albeit to varying degrees and concerning different elements of the overall HRM system. This aligns with institutionalist thinking and is also reflected across other theoretical perspectives (e.g., Donaldson, 2001; Jackson et al., 1989). While previous studies differ in terms of the strength of the relationships and the theoretical explanations for their findings, a common thread emerges: Organizations with similar internal context—specifically, organizational characteristics (like a larger size)—tend to display similarities in their HRM systems (e.g., are more likely to adopt HPWP systems).

Isomorphic pressures provide a rationale for these similarities. Similar organizational characteristics as part of the internal context within the Gooderham et al. (2019) framework expose organizations to similar isomorphic pressures. For example, large organizations face specific regulatory requirements (e.g., gender quotas for corporate boards, Mensi-Klarbach & Seierstad, 2020; expanded codetermination rights in German organizations, Wächter & Muller-Camen, 2002) not applicable to smaller organizations. Likewise, when organizations encounter uncertainties in HRM matters, they often look to peer organizations of similar size, industry, degree of multinationalism, and/or operating markets as benchmarks and mimic their HRM systems to varying extents. In addition, industries or markets uphold, at least in part, shared values and norms concerning appropriate or morally impeccable behavior, such as desired qualification profiles (Herrmann & Peine, 2011) or HRM challenges (Agrawal et al., 2012). Ultimately, this shared understanding leads to more similar HRM systems in organizations with similar characteristics. In summary, we propose

> **Hypothesis 2.** Organizations similar in size (H2a), industry (H2b), multinationalism (H2c), and market globalization (H2d) have similar HRM systems.

3.2.2 | HRM organizational integration

Building on the comparative contextual framework, HRM organizational integration is another crucial internal contextual factor affecting HRM. The literature review indicated that the influence of HRM professionals, the role of HRM departments in strategic decision-making, and the presence of HRM on the board of directors all affect the implementation of HRM practices or systems. We posit that the representation of HRM departments in the TMT and their involvement in formulating corporate strategy, indicating a strong strategic position of the HRM department, coupled with low levels of devolvement of HRM policy decisions, increase HRM organizational integration (Gooderham et al., 2015; Reichel & Lazarova, 2013). Conversely, the devolvement of HRM policy decisions tends to reduce the organizational integration of the HRM department because it restricts their channels of influence and undermines their enacted power (Hickson et al., 1971; Provan, 1980).

Adhering to neo-institutionalist perspectives, we argue that higher levels of HRM organizational integration foster isomorphism in organizations' HRM systems. Relatedly, similar educational experiences and specialization in the HR functional area, as well as shared networks of HR professionals, make it more likely that HR professionals interpret contextual forces similarly and opt for more consistent strategic responses. This consistency tends to reduce variations in HRM systems stemming from diverse functional and educational backgrounds and differing experiences of other TMT members or line managers. Thus, we propose

> **Hypothesis 3a.** Organizations with a stronger strategic position of the HRM department exhibit more similar HRM systems than organizations with a weaker strategic position of the HRM department.

> **Hypothesis 3b.** Organizations with lower levels of devolvement of HRM policy decisions exhibit more similar HRM systems than organizations with higher levels of devolvement of HRM policy decisions.

4 | SAMPLE AND METHODS

In this section, we start with a sample description, followed by the measurement of the study variables and our analytical strategy. Note that our hypothesis tests require analyses of similarities between organizations. Hence, we (1) extend the "Measures" section by detailing the computation of similarities for the respective measures and (2) introduce, as part of our analytical strategy, the computation of multiple regressions on distance matrices (MRMs) that we borrow from spatial econometrics.

4.1 | Study population and sampling

We sourced data from the 2014/2015 wave of the Cranet survey, a cross-national, organization-level study of HRM policies and practices (www.cranet.org). The data collection involved a questionnaire developed and distributed by an international team of researchers from the Cranet network. The questionnaire was translated into the language of each participating country and back-translated to rectify translation inaccuracies. Cranet members administered the survey through paper, telephone, or online mediums to a random sample of organizations in their respective countries. The respondents held top HR positions in organizations across 34 countries with an average response rate of 25%. Data collected from these countries was consolidated into an international dataset that we used for our analyses (for details about the Cranet survey, see Parry, Farndale, et al., 2021). Data access was

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TABLE 1 Descriptive results for organizations' HRM systems.

				Distances between organizations' HRM systems[a]	
	Items	Min/max	Mean	Min/max	Mean
HRM system	111	0/0.94	0.38	35.9/65.0	43.6
Subdimensions					
Recruiting	33	0/1.00	0.43	10.9/19.5	14.0
Selection	33	0/1.00	0.37	9.5/22.2	12.7
Career management	14	0/0.99	0.36	3.7/8.8	4.9
Compensation & benefits	27	0/1.00	0.31	8.2/18.5	10.4
Performance appraisal	4	0/1.00	0.69	1.2/2.8	1.6

[a]For the computations in these columns, organizations (rather than dyads) served as the unit of analysis. For example, the minimum recruiting distance of 10.9 indicates that one organization had a mean distance of 10.9 when compared to all other organizations.

granted by two of the authors, who are members of Cranet. To ensure the organizations had a standalone HRM department, our selection from the Cranet dataset prioritized organizations with at least 100 employees (Tregaskis et al., 2004). This criterion yielded an initial sample size of 6262 organizations.

4.2 | Measures

Our hypotheses primarily emphasize interorganizational similarities; for instance, how similarities in organizational contexts are related to similarities in their HRM systems. To gauge the similarity between organizations, we looked at differences in their values for the variable in question. For example, if two organizations have comparable HRM systems, the difference (or distance) between the systems is low. This is important because *high similarity* is expressed by *small distance values*. This approach implies a shift in the unit of analysis from *organizations* to *similarities between organizations*. Hence, for each measure, we first detail the items used and then describe how similarities were computed.

4.2.1 | HRM system

To assess the HRM system within an organization, we reviewed the Cranet survey for questions posed to HR representatives about the use of specific HRM practices or methods in their organization. In total, we identified 111 items spanning areas: recruiting (33 items, such as the use of social media for recruiting professionals), selection (33 items, like the utilization of assessment centers for personnel selection), compensation & benefits (27 items, including whether the organization offers stock options to managers), career management (14 items, e.g., the extent to which the organization uses coaching for career management), and performance appraisal (4 items, including the use of appraisal data for pay decisions). All items measuring the HRM system were dichotomous (0 = not used; 1 = used), except items for career management, which had scale anchors between 0 = not at all and 4 = to a very great extent. To standardize the weight across all items, we divided the values of the career management items by their maximum value (4). This ensured a consistent range between 0 and 1 for these items as well. Thus, an organization's HRM system was assessed based on its adoption of the 111 HRM practices and methods. On average, organizations employed 38% of these practices. For a detailed overview, refer to Table 1 (a complete item list is available from the authors upon request).

We developed hypotheses with the similarity of HRM systems as a dependent variable. It is important to note that testing these hypotheses required two different conceptualizations of HRM system similarity. First, we posited that similarities in the HRM systems of organizations can be attributed to the similarities between their external and internal context characteristics (Hypotheses 1 and 2). For this purpose, we computed the HRM system similarity between all pairs of organizations as the sum of differences in the 111 HRM practices that were (not) adopted in both organizations. For example, if two organizations leveraged an identical set of HRM practices, the distance between their HRM systems was 0; if they used an opposite set of HRM practices, the maximum possible distance was 111. In our sample, the mean distance among all pairs of organizations stood at 43.6, implying that two organizations typically had a mutual (dis-)use of approximately 67.4 out of the 111 HRM practices. Second, we proposed that HRM organizational integration (i.e., strategic position; devolvement) influences HRM system similarity. In this context, we computed the deviation of each organization's HRM system from an *overall* HRM system (Hypotheses 3a and b). The deviation from an overall HRM system was an organization's sum of differences to the average HRM system across all organizations in the sample. Higher values denote a deviation from the mean usage of HRM practices. The closer an organization is to the mean, the more its HRM system aligns with the sample's average.

4.2.2 | Formal institutions

We used the 2014 Index of Economic Freedom (Miller et al., 2015) to measure similarities of formal institutions at the country level. Published annually by The Wall Street Journal and The Heritage

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Foundation, this index encapsulates 10 areas of economic freedom (e.g., property rights, labor freedom, and investment freedom) grouped into four broad categories: rule of law, government size, regulatory efficiency, and open markets. It provides index values (0–100) for the 34 countries in the Cranet data, where higher (lower) values correspond to a higher (lower) degree of economic freedom.

4.2.3 | Informal institutions

We operationalized informal institutions using data on country culture from the GLOBE study (House et al., 2004). Data were available for 23 of the 34 countries from the Cranet survey. Context similarity of informal institutions between two organizations was operationalized as cultural distance and computed as the sum of numerical differences for the nine cultural values and the nine cultural practices from the GLOBE study (Beugelsdijk et al., 2018). A lower cultural distance between the two organizations indicates higher similarity among the informal institutions of the countries where the organizations operate.

4.3 | Size

We measured organizational size using an item from the Cranet survey indicating the number of employees in the organization (M = 3004; SD = 18,009). A size difference of 1000 employees is significant when comparing an organization with 200 employees to one with 1200 employees. However, this difference is marginal when comparing organizations with 200,000 and 201,000 employees, respectively. This nonlinearity was included in our measure of size similarity by computing differences in logarithmic size between two organizations. Thus, a size difference of 1 (3) between two organizations on the size variable indicates that the organization has 10 (1000) times more employees.

4.3.1 | Industry

In the Cranet survey, organizations identified their main sector of industry or services from the 20 options provided by the European Union's NACE sectoral categories (e.g., wholesale and retail trade; construction). For assessing industry similarity, organizations from the same industry were coded as 0, while those from different industries received a code of 1.

4.3.2 | Multinationalism

We identified multinational organizations in the Cranet survey as either "Corporate HQ of an international organization" or "Subsidiary of an international organization." Those with only one site or home-country subsidiaries were coded as not multinational. For multinationalism similarity, either both or neither of the two organizations in the comparison had to be multinational companies. We generated a dummy variable that was coded as 0 when both or neither organizations were multinational. Mixed pairs of organizations (i.e., one multinational and one not multinational) were coded with 1.

4.3.3 | Market globalization

In the Cranet study, organizations identified their main market's globalization scope using five categories, increasing in globalization degree: "local" (0), "regional" (1), "national" (2), "continent-wide" (3), and "world-wide" (4). Market globalization similarity was determined by the difference between two organizations on this scale. For example, a distance of 3 indicated one organization mainly served local markets, while the other primarily served continent-wide markets.

To test Hypotheses 3a–4b, we used *strategic position of the HRM department* and *devolvement of HRM policy decisions* as independent variables. We refrained from computing distance or similarity values for these variables since their original values were directly entered as predictors in our ordinary least squares (OLS) regressions.

4.3.4 | Strategic position of the HRM department

Following previous research on the strategic position of the HRM department (Reichel et al., 2009; Reichel & Lazarova, 2013), we developed an index from two Cranet survey questions. First, organizations specified the HR department's involvement stage in the strategy formulation process using these scale anchors: "From the outset" (3), "Through subsequent consultation" (2), "On implementation" (1), and "Not consulted" (0). Second, whether the HR director could be part of the top management team (TMT) was coded: yes (1) or no (0). We gave both items the same weight and arrived at an index ranging from 0 to 2, with higher values indicating a stronger strategic position of the HRM department.

4.3.5 | Devolvement of HRM policy decisions

Following previous research by Reichel and Lazarova (2013), we derived an index from five Cranet variables. These variables assessed primary responsibility for major policy decisions in the following areas: (a) pay and benefits, (b) recruitment and selection, (c) training and development, (d) industrial relations, and (e) workforce expansion/reduction. Responsibility in each area was gauged on a four-point scale: "HR department" (1), "HR dept. in consultation with Line Mgt." (2), "Line Mgt. in consultation with HR dept." (3), and "Line Management" (4). The mean value of these five items assessed the extent of devolvement in HRM policy decisions in an organization, with higher values indicating a higher degree of devolvement.

4.3.6 | Country

We included the organization's country as a control variable in all of our analyses. First, potential country-level effects might not be captured by our other country-level variables (i.e., formal and informal

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institutions). Second, the Cranet survey was conducted by researchers from multiple countries, which means controlling for countries can help mitigate potential researcher biases. Country similarity was coded with a dummy variable: 0 for two organizations from the same country and 1 for those from different countries.

4.4 | Analytical strategy

4.4.1 | Missing data

Our initial sample of 6262 organizations from the Cranet survey had some missing data. For example, when we assessed an organization's HRM system with 111 variables, there were 221/224/217/383 organizations with 1/2/3/4 missing values. Merely dropping these cases would lead to a loss of information and should therefore be avoided (Graham, 2009). To deal with missing data in the Cranet survey, we differentiated between HRM system variables and other organization-level variables. For the HRM system, we imputed values for organizations with less than 10% missing values via hotdeck imputation (Kowarik & Templ, 2016) and applied listwise deletion for observations with more than 10% missing values. As a result, 889 observations were dropped in this step. Second, we used listwise deletion for all other organization-level variables, which led to the removal of 605 observations due to missing values in any of the organization-level variables. Thus, the final sample consisted of 4768 organizations.

4.4.2 | Multiple regression on distance matrices

In Hypotheses 1 and 2, we relate distances between organizations' HRM systems to distances of their internal and external environments. By computing distances between all possible pairs of the N organizations in our sample, we created several N × N distance matrices. The distance matrices are calculated by computing distances between all possible dyads of organizations. Thus, for our final sample of 4768 organizations, we computed 4768 × 4768 distance matrices. Each cell in the matrix holds the distance between two organizations on a given dimension (e.g., the distance between their HRM systems or their formal institutions). A change in the value of one organization affects its distance from all other organizations, resulting in N-1 changed values in the distance matrix. Traditional OLS regression does not account for this nonindependence. To solve this statistical problem, Lichstein (2007) introduced multiple regression on distance matrices (MRMs). In essence, beta coefficient estimates in MRM are identical to OLS regression, but statistical significance tests use permutation tests. Specifically, rows and associated columns of the DV's distance matrix are shuffled while keeping all explanatory distance matrices constant (Lichstein, 2007). We relied on 10,000 permutations for our hypothesis tests. When reporting sample sizes, we follow the convention to indicate the number of organizations (e.g., $N = 4768$ in the full sample) and not the number of dyadic distances (e.g., $N(N-1)/2 = 11{,}364{,}528$ in the full sample). For Hypotheses 3a and b, we did not use distance matrices and, thus, employ OLS regressions for hypothesis tests.

All analyses were executed in R (R Core team, 2022), using the *VIM* package (Kowarik & Templ, 2016) for data imputation and the *ecodist* package (Goslee & Urban, 2007) for MRM.

5 | RESULTS

Table 2 presents mean values, standard deviations, and zero-order correlations of the organizational characteristics. For simplicity, we omitted categorial variables such as country and industry.

Hypothesis 1 proposed that organizations with similar formal (H1a) and informal (H1b) institutions would have similar HRM systems. For example, if organizations operated in environments with similar informal institutions, they likely have similar HRM systems. As described above, we used MRM for the statistical analyses whenever we related similarities/distances to other similarities/distances. Thus, we computed a regression model with distances between formal and informal institutions as predictors for distances between HRM systems. Model 1 (Table 3) shows that beta-coefficients for both formal and informal institutions are positive and significant. This suggests that less distance between formal and informal institutions is related to a smaller distance between HRM systems. That is, a greater similarity in external contexts is positively related to a higher similarity of HRM systems, supporting Hypotheses 1a and 1b.

In Hypothesis 2, we posited that organizations of similar size (H2a), from the same industry (H2b), displaying similarity in multinationalism (H2c), and operating in markets with comparable globalization (H2d) would have more similar HRM systems. We used MRM to test these hypotheses. As can be seen in Model 2 in Table 3,

TABLE 2 Mean values, standard deviations, and zero-order correlations among predictor variables.

	M	SD	1.	2.	3.	4.
1. Size (log)	2.80	0.57	–			
2. Multinationalism	0.32	0.47	0.07	–		
3. Market globalization	2.26	1.34	0.05	0.40	–	
4. Strategic position of the HRM department	1.22	0.71	0.15	0.13	0.03	–
5. Devolvement of HRM policy decisions	2.41	0.72	−0.21	−0.13	−0.10	−0.23

Note: $N = 4768$; categorical variables were not included; correlations are significant at the 5% (1%) level for $r \geq |0.03|$ ($r \geq |0.05|$).

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differences (similarities) in size (b = 1.77, $p = 0.0001$), industry (b = 0.91, $p = 0.0001$), multinationalism (b = 1.93, $p = 0.0001$), and market globalization (b = 0.267, $p = 0.0001$) were all positively and significantly associated with distances between (similarities of) HRM systems. This provides preliminary support for Hypotheses 2a–2d. It is worth noting, however, that the similarity in multinationalism encompasses two forms: both organizations being MNEs ("MNE group") or neither being MNEs ("indigenous group"). In a subsequent analysis, we explicitly distinguished between these two types and added two dummy variables for multinationalism: (1) *multinationalism—both yes* (when both operate across multiple countries), and (2) *multinationalism—both no* (when neither operates in multiple countries). Only *multinationalism—both no* was significant (b = 2.79, $p = 0.0001$), whereas *multinationalism—both yes* was not (b = −0.10, $p = 0.432$). Thus, only the HRM systems of two non-MNEs (and not of two MNEs) were significantly more similar. This refines the result that we gained for Hypothesis 2c.

To test the robustness of these results, we included all predictor variables from Hypotheses 1 and 2 in an additional MRM (see Model 3 in Table 3). The results are qualitatively similar to MRM from Model 1 and Model 2 (Table 3), confirming the same hypotheses.

In Hypotheses 3a and b, we delved into the role of HRM departments, i.e., the strength of their strategic position (H3a) and the level of devolvement of HRM policy decisions (H3b), in the context–HRM relationship. In this context, it was posited that distinct organizational characteristics, rather than similarities between organizations, lead to greater similarity with other organizations' HRM systems. As described above, for H3a and b, we used the distance from an average HRM system as the dependent variable. We anticipated that organizations where the HRM department plays an important role would gravitate closer to the overall mean HRM systems. That is, Hypotheses 3a and b would find support if the role of the HRM department can elucidate the distance from the average HRM system.

Results from OLS regression are displayed in Table 4.

Our results for the distance to the average HRM system indicate that the strategic position of the HRM department was not a significant predictor of distance to the average HRM system (b = −0.37, $p = 0.0603$). Thus, we do not find support for Hypothesis 3a. Regarding the devolvement of HRM policy decisions, the unstandardized beta coefficient was significant (b = 1.45, $p < 0.0001$), indicating that organizations with lower levels of devolvement have HRM systems closer to the average. This supports Hypothesis 3b.

5.1 | Post hoc analyses

The hypothesis tests reported earlier were all conducted with the full set of 111 HRM practices, treating each item equally without differentiating between HRM subfunctions. To verify the robustness of our findings, we expanded the analyses in two ways. First, we replicated the analyses with five subsets of HRM practices, such as using the 33 items on recruiting from the full 111 HRM practices to compute the dependent variables for our tests. The results of MRM analyses

TABLE 3 Results from MRM analyses.

	Distances between organizations' HRM systems			Distances between organizations' set of practices in…				
	Model 1	Model 2	Model 3	Recruiting	Selection	Career management	Compensation & benefits	Performance appraisal
Intercept	38.60	35.94	35.50	11.24	10.74	3.83	7.88	1.54
Distances between								
Country	1.12 ($p = 0.0001$)	4.66 ($p = 0.0001$)	1.20 ($p = 0.0001$)	0.90 ($p = 0.0001$)	0.28 ($p = 0.0009$)	−0.31[a] ($p = 0.0001$)	0.18 ($p = 0.0336$)	0.16 ($p = 0.0001$)
Formal institutions	0.22 ($p = 0.0001$)		0.21 ($p = 0.0001$)	0.06 ($p = 0.0001$)	0.06 ($p = 0.0001$)	0.05 ($p = 0.0001$)	0.04 ($p = 0.0001$)	−0.01 ($p = 0.0006$)
Informal institutions	0.17 ($p = 0.0001$)		0.15 ($p = 0.0001$)	0.04 ($p = 0.0001$)	0.05 ($p = 0.0001$)	0.03 ($p = 0.0001$)	0.03 ($p = 0.0001$)	−0.004 ($p = 0.0225$)
Size (log)		1.77 ($p = 0.0001$)	1.81 ($p = 0.0001$)	0.47 ($p = 0.0001$)	0.59 ($p = 0.0001$)	0.23 ($p = 0.0001$)	0.63 ($p = 0.0001$)	−0.02 ($p = 0.3648$)
Industry		0.91 ($p = 0.0001$)	0.86 ($p = 0.0001$)	0.27 ($p = 0.0001$)	0.01 ($p = 0.6818$)	0.13 ($p = 0.0001$)	0.42 ($p = 0.0001$)	0.03 ($p = 0.0031$)
Multinationalism		1.93 ($p = 0.0001$)	2.21 ($p = 0.0001$)	0.29 ($p = 0.0001$)	0.39 ($p = 0.0001$)	0.39 ($p = 0.0001$)	1.24 ($p = 0.0001$)	−0.09 ($p = 0.0001$)
Market globalization		0.27 ($p = 0.0001$)	0.30 ($p = 0.0001$)	0.12 ($p = 0.0001$)	0.01 ($p = 0.6207$)	0.06 ($p = 0.0001$)	0.07 ($p = 0.0004$)	0.04 ($p = 0.0001$)
R^2	3.5% ($p = 0.0001$)	3.6% ($p = 0.0001$)	6.4% ($p = 0.0001$)	2.6% ($p = 0.0001$)	2.1% ($p = 0.0001$)	4.5% ($p = 0.0001$)	3.6% ($p = 0.0001$)	0.04% ($p = 0.0001$)
N[a]	3113[a]	4768	3113[a]	3113[a]	3113[a]	3113[a]	3113[a]	3113[a]

Note: MRM with 10,000 permutations; thus, the smallest possible *p*-value is 0.0001.

[a]N = number of organizations, which translates to $N(N\text{-}1)/2$ nontrivial distances between these organizations. Note that GLOBE data were only available for 23 countries, leading to smaller sample sizes in analyses involving distances between informal institutions.

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and OLS regressions for these five subsets, presented on the right-hand side of Table 3 and Table 4, largely mirrored those from the full set. A notable exception was the results for performance appraisal, possibly might have occurred because this subset contained only four items. Second, we investigated whether weighting practices affected our results. In line with recent recommendations (e.g., Boon et al., 2019), we tested different ways of computing our dependent variable, ensuring each of the five subsets of HRM practices had the same weight, reflecting the idea that each HRM subfunction (and not each item) should have the same weight. For example, the 33 items in the recruiting subset collectively had the same weight as the 14 items in the career management subset. In another alternative weighting, we computed HRM similarity at the HRM subfunction level, aggregating the number of HRM practices used by an organization for each of the five subfunctions and determining distances at this higher level. As an example, if one organization used recruiting practices 1–10 and another used practices 21–30, they both used 10 recruiting practices and, in this alternative computation, were deemed similar in their recruiting efforts. We tested our hypotheses with these alternative computations and confirmed the results were robust and did not change in any significant way.

6 | DISCUSSION

Our study had two primary objectives: first, to examine the impact of a wide range of both external and internal contextual elements on the similarity of overall HRM systems, encompassing HRM practices in recruitment, selection, career management, compensation & benefits, and performance appraisal; and second, to shed more light on the role of the HRM department within this relationship.

To address our first objective, we looked at the effects of external context and organizational characteristics as part of the internal context. We hypothesized that organizations with similar formal (H1a) and informal (H1b) institutions in their external context would have similar HRM systems. The data strongly support these hypotheses. Regarding organizational characteristics, the positive relationships linked to size (H2a), industry (H2b), multinationalism (H2c), and globalized markets (H2d) were also confirmed. HRM systems tend to be more similar when their internal context characteristics, such as size, industry, and globalized market, align. In addition, further analyses of the similarity of MNEs (H2c) revealed a more nuanced picture than the overall positive effect suggests. While organizations that operate solely in one country have more similar HRM systems, the same could not be confirmed for the MNE group. This might be due to the greater contextual complexity faced by the MNEs. Since their operations span national borders, formal and informal institutions from both national and supra-national origin govern their activities, bringing in additional considerations compared with organizations limited to the national arena. For example, under specific circumstances, the European Works Council Directives allow MNEs operating in more than two European Economic Area countries to establish a consultation body (Hann et al., 2017). This has a specific effect on HRM practices in

TABLE 4 Results from OLS regressions.

	Distances to average HRM system	Distance to average set of practices in…				
		Recruiting	Selection	Career management	Compensation & benefits	Performance appraisal
Intercept	3.77	2.78	2.63	1.06	3.43	0.95
Strategic position of the HRM department	−0.37 (0.196; $p = 0.0603$)	−0.08 ($p = 0.3483$)	0.01 ($p = 0.9169$)	−0.06 ($p = 0.0643$)	0.14 ($p = 0.0527$)	−0.09 ($p < 0.0001$)
Devolvement of HRM policy decisions	1.45 (0.204; $p < 0.0001$)	0.39 ($p < 0.0001$)	0.30 ($p = 0.0001$)	0.14 ($p = 0.0002$)	0.13 ($p = 0.0799$)	0.08 ($p < 0.0001$)
Size (log)	1.08 (0.243; $p < 0.0001$)	0.41 ($p < 0.0001$)	0.25 ($p = 0.0065$)	0.14 ($p = 0.0012$)	0.23 ($p = 0.0094$)	−0.04 ($p = 0.0311$)
Multinationalism (No = 0; Yes = 1)	−0.05 (0.318; $p = 0.876$)	−0.37 ($p = 0.0024$)	−0.24 ($p = 0.0407$)	0.19 ($p = 0.0012$)	0.59 ($p < 0.0001$)	−0.04 ($p = 0.1075$)
Market globalization	0.004 (0.311; $p = 0.988$)	0.07 ($p = 0.1358$)	0.07 ($p = 0.1028$)	0.01 ($p = 0.7400$)	−0.14 ($p < 0.0001$)	0.002 ($p = 0.8660$)
Country dummies	Included	Included	Included	Included	Included	Included
Industry dummies	Included	Included	Included	Included	Included	Included
R^2	9.1% ($p = 0.0001$)	7.7% ($p = 0.0001$)	8.0% ($p = 0.0001$)	6.0% ($p = 0.0001$)	6.9% ($p = 0.0001$)	9.5% ($p = 0.0001$)

Note: $N = 4768$; standard errors and p-values in parentheses.

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these types of companies compared with organizations with only a national works council or none at all. Post hoc analyses confirmed the robustness of these findings, regardless of the different ways HRM practices were weighted.

Related to our second objective, we focused on the role of the HRM department in the relationship between context and HRM. For the HRM department's strategic position and the level of devolvement, we assumed that a stronger organizational integration of the HRM department would lead to more similarity in the HRM systems. While our results confirm the hypothesized basic tendency, they also highlight a clear difference between the effects of strategic position and devolvement. For HRM's strategic position, i.e., having an HRM person in the TMT and HRM actively involved in the organization's strategy formulation, we only find a weak, nonsignificant effect in the proposed direction (H3a; $b = -0.37$, $p = 0.0603$). However, the data provide significant empirical support for the idea that a low level of devolvement, i.e., a strong role of HRM specialists in major policy decisions compared with line management, brings the HRM system more in line with common practices (H3b; $b = 1.45$; $p = 0.204$). Regarding the robustness of these findings, they remain consistent when we use different methods of measuring HRM system similarity beyond simply weighting each HRM practice equally, i.e., giving the same weight to each group of HRM practices (recruiting, selecting, etc.) and computing similarity between practice areas. No substantial deviations were observed, and the approach used offers the highest overall explanatory power for the models (see R^2).

One explanation for the pronounced effect of devolvement on the adoption of similar HRM systems relates to the hierarchical level of professionals involved in HRM decision-making. At lower/middle levels, limited devolvement to line management allows HRM professionals to exercise more influence over decisions about HRM practices and daily operations, which are central to our analyses. At this level, HRM education and socialization lead to isomorphism in HRM systems. By contrast, the HRM department's strategic position and the involvement of HRM professionals in organizations' top-level decision-making might be more pertinent for broader provisions of HRM resources, such as the overall headcount or the budget allocated for implementing HRM practices. Our data also support this, showing that organizations with a higher strategic positioning of HRM departments deploy more HRM practices ($r = 0.27$).

6.1 | Theoretical contributions

Our findings advance the field in several ways. First, our study provides a more comprehensive understanding of the overall contextual effects on general HRM systems. This deepens our knowledge of the complex relationship between context and HRM, building on the work of scholars such as Gooderham et al. (2019), Jackson et al. (2014), Paauwe and Farndale (2017), and Parry, Morley, and Brewster (2021). While there is extensive research exploring contextual effects by looking at various context dimensions individually (e.g., external context; Gooderham et al., 2018) and linking them to individual HRM practices (e.g., selection; Biemann et al., 2023) and HRM configurations (e.g., Farndale et al., 2010), there has been limited insight into the holistic impact on general HRM systems. Our study pinpoints the main overall effects of both external and internal contextual forces on general HRM systems despite considerable "noise" due to the many interdependencies of the factors. In addition, we identify the varying importance of formal and informal institutions. The relative prominence of formal institutions in models 1–3 (Table 3) relies heavily on the operationalization of these groups of factors. Nevertheless, this observation further underscores the need for additional research into the relative influence of various contextual factors to decipher the dynamics between the two and, thus, provide some tentative evidence on what matters most (e.g., Vaiman & Brewster, 2015). Thus, our work contributes to the long-standing and somewhat controversial debate over the significance of "institutions vs. (national) culture" in explaining the contextual consequences on organizations and their HRM. In addition, by emphasizing the varied effects of the internal context, we highlight the importance of this contextual segment when theorizing the organization–environment interface (e.g., Harney & Alkhalaf, 2021).

Second, we further the ongoing discussion about the role of the HRM department within an organization. The debate on HRM's role in strategy formulation (Dyer, 1983) has highlighted various basic options: administrative linkage, where HRM handles day-to-day concerns; one-way linkage, where HRM responds to business objectives; two-way linkage, which means mutual influence between HRM and business strategies; and integrative linkage, where HRM executives influence business strategies beyond HRM considerations (Golden & Ramanujam, 1985). Recent discussions, such as those spurred by the rise of outsourcing (Kurdi-Nakra et al., 2022), delve into the role managers in general and HRM managers in particular play in the adoption of HRM systems (Steffensen Jr. et al., 2019). We show that, for the adoption of similar HRM systems, a strong strategic integration of the HRM department seems to be less relevant than the (limited) devolvement of day-to-day decisions. Moreover, HRM can maintain multiple linkages at the same time. In addition, this emphasizes the importance of the role distribution between HRM professionals and line management at the level of policy decisions. Collectively, our observations bolster the notion of HRM departments as active, distinct, and important actors when it comes to understanding organizational behaviors. Far from being "cultural dopes" (Garfinkel, 1967) molded by external forces, they are competent collective actors (Boltanski & Thévenot, 2006) that actively navigate environmental contingencies.

Third, we elucidate how both external and internal contexts affect general HRM systems. Simply putting an arrow into a model is enough to assume causal direction between constructs but says nothing about *why* this is the case: "'Mr. Environment' does not simply walk into an organization and dictate to management what decisions need to be made for an optimal 'organization-environment fit'." (Matiaske et al., 2008, p. 6). By introducing the concept of isomorphic pressures as theoretical reasoning for the (re)actions of HRM departments to environmental contingencies, we deepen our understanding of contextual effects in this particular domain.

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Fourth, leveraging distance matrices to analyze the similarities between our units of analysis offers new options for HRM and organization studies. While disciplines like geographical science routinely use this approach and have developed statistical techniques to analyze geographical and social distances (e.g., Anselin, 2001), organization studies have been slower to embrace such an approach. Using distance matrices can prevent the massive loss of information that occurs when aggregating data into simple clusters. This constitutes an advantage in terms of explanatory power. For example, in HRM, the analysis of similarities/differences plays an important role in tasks like identifying bundles of so-called best practices and discerning employee groups based on specific characteristics, such as career aspirations or commitment levels.

Fifth, the use of context similarity based on a variety of different distance measures introduces a fresh perspective to the enduring debate about the existence and shape of HRM clusters around the world. Usually, HRM cluster studies rely on countries as reference points to identify HRM clusters both globally and at the European level (e.g., Ignjatovic & Svetlik, 2003; Pedrini, 2016). While not our primary focus, our approach still yields an alternative viewpoint. It moves the focus away from country clusters to contextual similarity by using distance matrices and theoretically well-grounded elements from both the external and internal context. This approach could potentially resolve several ambiguities in current HRM cluster research. When clustering countries, the conventional concentration on a single major paradigm of thought, such as cultural or institutional perspectives, combined with the statistical method of choice (i.e., various forms of cluster analysis), has resulted in some empirical outcomes that are both counterintuitive and theoretically not really convincing: for instance, the unexpected grouping of Northern Ireland, Estonia, and Greece (Ignjatovic & Svetlik, 2003). In addition, despite the importance of a configurational approach in HRM (Delery & Doty, 1996), the variables used have often been considered in isolation, without exploring the configurations of variables and their various interdependencies. This oversight persists even in analyses that use bundles of variables (Vanhala & Stavrou, 2013).

6.2 | Practical implications

Our findings have several practical implications. Both formal and informal institutions in the external context and various aspects of the internal context, are simultaneously important. This signals to HR managers the need to constantly monitor and, when feasible, shape these contextual factors or adjust the organization's HRM system to ensure alignment with these contextual requirements. In addition, for organizations operating across various national, cultural, or institutional boundaries, our paper suggests that organizational decision-makers extend the conventional focus on the legal and cultural specificities of the countries in which they operate. Instead, a broader, intersectional view of their combined effects can help reveal potential challenges. Such a view can also identify similarities that foster learning between organizational units that are geographically distant and prompt continuous monitoring of relevant context parameters to ensure preparedness for changes both in the organization in general and HRM in particular. Finally, our findings underscore the importance of labor distribution between HRM experts and others, in particular, line managers. This distribution not only directly affects HRM outcomes but also shapes the overall shape of the HRM system.

6.3 | Limitations

Before briefly outlining potential avenues for future research, it is important to acknowledge the limitations of this study. Owing to data quality constraints, we could not differentiate between private, public, and nonprofit organizations. Research has shown significant variations in HRM systems across these sectors (Blom et al., 2020; Knies et al., 2022), and adding these organizational characteristics into the internal context might have resulted in a more comprehensive model. Similarly, the Cranet survey encompasses a wide array of HRM topics but does not cover the specifics of organizations' strategies. This omission limits our ability to differentiate among the responses of organizations with varying strategic outlooks. For instance, organizations that prioritize a strategy of cost leadership might opt for different HRM systems than the ones that choose to focus on product leadership (e.g., Wang & Verma, 2012), even in similar contexts. In terms of data gathering and interpretation, the Cranet survey employed state-of-the-art measures to account for the multicountry context. However, using data from 34 countries presents typical challenges inherent to cross-cultural research, such as translation–retranslation issues and lack of semantic equivalence (for an overview of the discussions related to the Cranet dataset, see Parry, Farndale, et al., 2021). At the level of variables, the dataset does not account for the varying organizational importance of each practice considered. This restriction somewhat constrains our interpretation of similarities and differences between organizations since our analysis has to treat every practice as equally important.

7 | FUTURE RESEARCH AND CONCLUDING REMARK

Our study suggests four avenues for future research. First, regarding broadening the scope, some additional internal contextual variables already included in the underlying contextual framework merit attention. HRM's contextual dependency might vary considerably based on organizational strategy, a crucial component of the internal organizational context. For example, dynamic growth, profit extraction, and turnaround are three corporate strategic orientations that produce different HRM approaches (Schuler & Jackson, 1987). For example, in a turnaround situation that emphasizes operational rescue, there might be a greater focus on key success factors for survival, even if it means somewhat sidelining the requirements of formal and informal institutions. Similarly, organizations seriously committed to embracing sustainability and corporate social responsibilty in their strategy and

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taking into account the triple bottom line of economic, social, and environmental goals will likely exhibit heightened awareness of contextual influence (Stahl et al., 2020).

Second, in terms of depth, the contextual aspects included in our study warrant finer analysis. Multinationalism serves as an illustrative example. Previous research on HRM in MNEs reveals that MNEs' HRM models vary based on their country of origin and domicile (Cooke et al., 2019). In this light, it would be interesting to explore whether the effects identified in our study regarding multinationalism shift in such a situation. Examining the role of time would offer another angle. The role of time has gained momentum in the HRM debate (Biemann et al., 2023; Mayrhofer & Gunz, 2023). Using more recent and/or longitudinal datasets to determine whether and how the effects of context have evolved, especially considering the HRM department's shifting role, would provide valuable insights for the convergence–divergence debate, in particular, and for contextual HRM in general.

Third, our analysis of the HRM department's role in the context–HRM relationship highlights several issues linked to the HRM department and its director. Both areas have been traditionally addressed in HRM research, albeit with varying emphasis. Our findings underscore the need for renewed theoretical interest in the HRM department, its director, and their involvement in organizations' internal and external processes. Two approaches seem especially promising. Power theory can help explain why and how these collective and individual actors (i.e., the HRM department and its director) operate and the resulting implications. Reconsidering the basic theoretical conceptualization of the HRM department also seems warranted. At present, there is an absence of a robust theoretical perspective that captures this important organizational actor in full. Concepts like convention theory (Boltanski & Thévenot, 2006) or institutional perspectives on actors (Hwang et al., 2019) provide a foundation.

Fourth, in terms of identifying groups of similarity in HRM systems, our findings offer fascinating new lines of thought. They suggest moving beyond countries as primary reference points and emphasizing areas of similarity regarding formal and informal institutions and elements of the internal context. Such a route of theorizing context-sensitive HRM sidesteps the pitfalls of narrow universalistic thinking while offering an alternative to countries as the primary units of analysis. Post hoc and preliminary analyses of our data indicate that such an approach provides additional insights, such as grouping organizations across national, cultural, and institutional contexts, thereby shedding light on the key factors shaping specific forms of general HRM systems. This perspective could further inform the convergence–divergence debate.

In summary, the contextual adaptation of HRM and the role of the HRM department remain fascinating areas for both academics and practitioners. Advancing our understanding in these areas will enrich the academic debate and organizational practice alike.

CONFLICT OF INTEREST STATEMENT

The authors declare no conflict of interest.

DATA AVAILABILITY STATEMENT

We provide a dataset that includes only the variables and cases used in the analysis in the manuscript for the purpose of reanalysis by scholars who can document there is a case for reanalysis. In addition, we used publicly available GLOBE data at country level (available here: https://globeproject.com/) and data from the Index of Economic Freedom (available here: https://www.heritage.org/index/).

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